

Message Text

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PAGE 01 KUWAIT 03810 171341Z

43

ACTION NEA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-01

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FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC 3677

INFO AMEMBASSY RABAT

UNCLAS KUWAIT 3810

E.O. 11652: N/A

TAGS: EAID, KU

SUBJECT: ANOTHER KFAED LOAN FOR MOROCCO

REF: KUWAIT 3537

1. KUWAITI AND MOROCCAN AUTHORITIES SIGNED LOAN AND GUARANTEE AGREEMENTS HERE SEPTEMBER 16 IN CONNECTION WITH KINITRA THERMAL POWER STATION PROJECT. UNDER AGREEMENTS KUWAIT FUND FOR ABOUT

ECONOMIC DEVELOPMENT WILL LOAN KD 3.5 MILLION (KD1 - \$3.50) TO MOROCCAN OFFICE NATIONAL D'ELECTRICITE. LOAN IS FOR THIRTEEN YEAR TERM TO BE PAID IN TWENTY-SIX SEMI-ANNUAL INSTALLMENTS FIRST OF WHICH WILL BE DUE NOVEMBER 1, 1979 AND LAST ON MAY 1, 1992. LOAN BEARS 4 PERCENT INTEREST CHARGE AND ADDITIONAL HALF-PERCENT CHARGE TO COVER ADMINISTRATIVE EXPENSES.

2. PROJECT TO BE FINANCED UNDER AGREEMENTS CONSISTS OF EXECUTION OF THERMAL POWER STATION AT KINITRA NEAR RABAT. FOUR 75 MW UNITS INVOLVED. ALSO COVERED IS CONSTRUCTION OF TRANSFORMER STATION, NECESSARY EQUIPMENT AND INSTALLATION FOR SUPPLY OF WATER FROM SEBAN VALLEY, FUEL TANKS, MAINTENANCE SHOPS AND RELATED INFRASTRUCTURE. PROJECT WHICH BEGAN EARLIER THIS YEAR EXPECTED TO BE COMPLETED IN 1979. TOTAL COST OF KINITRA POWER PROJECT ESTIMATED TO BE KD 37 MILLION OF WHICH KD 23 MILLION

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PAGE 02 KUWAIT 03810 171341Z

ARE IN FOREIGN EXCHANGE.

3. COMMENT: KFAED LOAN FOR KINITRA PROJECT IS SECOND ONE TO MOROCCO TO BE CONCLUDED IN LESS THAN MONTH. IN LATE AUGUST AGREEMENT FOR KD 6 MILLION LOAN TO MOROCCAN ECONOMIC DEVELOPMENT BANK WAS SIGNED (REFTEL). A THIRD LOAN FOR LEAD ORE FOUNDRY NEAR MEKNES ALSO BEING CONSIDERED, AND KFAED LOAN FOR KD 12 MILLION PROJECT APPEARS LIKELY SINCE IT MENTIONED AS UNDER CONSIDERATION IN RECENTLY PUBLISHED KFAED ANNUAL REPORT. PRIOR TO TWO LOANS ANNOUNCED RECENTLY, KFAED HAD PROVIDED MOROCCO WITH KD 13.3 MILLION IN LOANS. TWO RECENT LOANS TOTALLING KD 9.5 MILLION WITH THIRD PROBABLE LOAN APPARENTLY BEING PREPARED INDICATES NOTICEABLE INCREASE IN KFAED ASSISTANCE TO MOROCCO WHICH REFLECTS INCREASED CAPABILITIES THAT HAVE RESULTED FROM RECENT INCREASE OF ORGANIZATION'S CAPITALIZATION. IT ALSO REFLECTS KFAED POLICY OF CONTINUING TO PROVIDE LARGE AMOUNTS OF ECONOMIC ASSISTANCE TO ARAB STATES EVEN THOUGH CONSIDERABLE EFFORT BEING EXERTED TO INITIATE AID PROGRAMS WITH NON-ARAB AFRICAN AND ASIAN STATES AS WELL.
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